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R 290927Z AUG 70
FM AMEMBASSY TRIPOLI
TO SECSTATE WASHDC 6808
INFO AMEMBASSY BENGHAZI

DEPARTMENT OF STATE A/CDC/MR
REVIEWED BY cf DATE 8/7/81
PORTIONS DENIED AS INDICATED

S E C R E T TRIPOLI 2067

EXDIS

SUBJECT: LIBYAN OIL POLICY AND TACTICS

REF: STATE 135488

1. EMBASSY'S VIEW OF LARG'S PETROLEUM OBJECTIVES CLOSELY MATCHES THAT OUTLINED PARA 1 REFTEL. SINCE DEPARTMENT REQUESTS SPECIFIC ASSESSMENT FOR NEXT SIX MONTHS, WE INTEND TO DEFER DETAILED REPLY UNTIL AFTER SEPTEMBER 1 CELEBRATION OF ANNIVERSARY OF REVOLUTION, DURING WHICH PRIME MIN'S SPEECH GENERALLY EXPECTED TO GIVE CLEARER INDICATION OF LARG'S INTENTIONS TOWARD OIL INDUSTRY.

2. IT NOW SEEMS LESS LIKELY THAN MONTH AGO THAT LARG WILL ANNOUNCE DRASTIC UNILATERAL ACTION SEPT. 1. LARG'S SENIOR OIL OFFICIALS, INCLUDING CHIEF OIL NEGOTIATOR MACHRABI, ARE TAKING LINE THAT SEPT 1 ANNIVERSARY WILL NOT BE SIGNIFICANT DATE IN LARG'S STRUGGLE WITH OIL INDUSTRY. YET [redacted] B4
[redacted] DECREE IMPOSING POSTED PRICE OF $2.65 HAS BEEN DRAFTED FOR PROMULGATION SEPT. 1. [redacted] B4
[redacted] DECREES PROVIDING FOR SWEEPING NATIONALIZATION, OR FORCED FORMATION OF MIXED PUBLIC/PRIVATE CORPORATIONS, IN CONSTRUCTION, TRANSPORTATION, TRADE AND OIL SERVICES ALSO HAVE BEEN PREPARED. WHETHER OR NOT SUCH ACTIONS ARE ANNOUNCED SEPT. 1, REPORTS THAT THEY ARE UNDER CONSIDERATION ARE CREDITABLE AND EVENTUAL ACTION ALONG THESE LINES WOULD BE CONSISTENT WITH STATIST TREND IN LARG'S ECONOMIC MANAGEMENT, MODELED ALONG UAR LINES.

3. MEANWHILE, EMBASSY SHARES IN DEVELOPING CONCENSUS AMONG OIL COMPANIES THAT SIGNIFICANT ACTION AGAINST OIL INDUSTRY MAY NOT BE AN-

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NOUNCED SEPT 1, BUT THAT AT A MINIMUM, COMPANIES WILL BE CASTIGATED FOR THEIR "INTRANSIGENCE", POSSIBLE ACCOMPANIED BY THREATS OR ULTIMATUMS MORE CLEARLY INDICATING LARG'S IMMEDIATE GOALS.

GP-4.
PALMER

NOTE: EXDIS CAPTION ADDED PER S/S-O. MR. MCGAFFEY.

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